STRICTLY CONFIDENTIAL.

N O T E.

As a result of the informal conversations that took place between the Hon'ble Mr. C.P. Ramaswami Aiyar and the Dewan of Mysore, His Excellency the Governor being present, the following points were settled as regards the further steps to be taken to bring about a final settlement between the two Governments on the subject of the Krishnaraja Sagara and allied questions:-

(1) The draft agreement sent by the Dewan may be taken as the basis of discussion, and an alternative agreement may be prepared by the technical officers of Madras assisted by a legal expert. It was agreed that the final agreement should embody all the points settled between the technical officers in the two technical agreements of July 1921 and September 1923. It was felt that as there were already more than one draft agreement on record embodying a good many of the points settled previously, there should be no difficulty in preparing a draft which would be satisfactory to both sides. The alternative agreement above referred to will be taken by the technical officers of Madras and their legal expert to Mysore as soon as it is ready with a view to have it examined by the technical officers of Mysore and their legal experts. If, as a result of such examination, the technical officers of both Governments and their legal experts are able to adopt the final draft, it will be submitted to the respective Governments for ratification. If, however, owing to any unfortunate difference of opinion on material points, they are unable to prepare a final draft, such

such points will be referred to the Hon'ble ..ember and the Dewan who will then meet with a view to arrive at a satisfactory solution. If even after such an attempt is made by the representatives of the two Governments no solution is reached, then, as a last resort, Mr.Gerbie may be brought down to advise both parties in respect of the final draft.

(2) Cauvery and its tributaries.

It was understood that the proposal to provide for new irrigation under such of the tributaries as take their sources entirely in Madras territory, by irrigation works intercepting their flow in Madras territory before joining the Cauvery waters - which was explained by the Dewan to be a new one and not contemplated in the previous negotiations - should be referred to the Mysore technical officers and discussed between them and the technical officers of Madras in the course of the next few days. Mysore naturally objects to the introduction of any new points in the final agreement which were neither contemplated nor discussed in the previous technical conferences, and it was agreed that in so far as any proposals of the kind referred to did not in any way whatsoever affect Mysore interests as settled both under the Krishnaraja Sagara agreement as well as under the settlement made in the second technical agreement for the restriction of new irrigation to 110,000 acres and so long as any inclusion of such proposals does not render it remotely possible to disturb the limit gauges or discharges or the understandings and conditions under which new irrigation works may be constructed by Mysore for the 110,000 acres stipulated in the second agreement Mysore Government have no objection to discuss the matter. But if the proposals involve any alteration of

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the settlements arrived at in the two technical agreements and the Mysore technical officers are able to satisfy that such will be the inevitable, then, Mysore Government would be entitled to urge for their exclusion.

(3) Duty.

Any increase in the acreage of irrigation (proportion being fixed, by improvement of duty may be duly provided for in the agreement, if desired, with the necessary safeguards, but this being a technical point should be threshed out by the technical officers of both Governments now and their respective Governments advised. If, in respect of the new irrigation of 201,000 under Hetur any further increase under duty is to be provided for, similar provision will have to be made for similar increase under the new 10,000 acres.

(4) Capacity.

It was necessary to insert in the agreement constructive and other technical details of the Hetur project as has been done in the case of the technical agreement relating to Krishnaraja Sagara. If the Government of India suggest any modifications regarding purely technical details which in no way materially alter the storage capacity and other particulars of the project in a manner that would result in prejudicing Mysore interests, present and prospective, or, in other words, if any advice of the Government of India in regard to the project as finally sanctioned relates only to such particulars which will not increase the limit of irrigation fixed, viz., 201,000 acres and its consequential technical details, then, the Mysore Government can have no objection to a suitable clause being

being provided in the agreement to that effect. This may be done when drafting the final agreement.

(5) Mekadatu.

The offer of the Madras rights over the waters at Mekadatu to Mysore will be considered as still holding good. Madras, however, would prefer that this should not be included in the final agreement, and Madras will be prepared to write officially to the Government of Mysore to the effect that that offer still holds good and that they will be prepared also to re-examine the contract relating to the Royalty to be paid for the electric power generated at Sivasamudram with a view to come, if possible, to a settlement for a period of 25 years on the question of power at Sivasamudram. The Madras view is, firstly, that if in surrendering Mekadatu they may be given, up to a certain reasonable maximum limit, the power required by them from the Generating Station at Mekadatu at a concession rate which will mean a rate based on actual cost of production, interest charges and depreciation plus a certain percentage of profits, Madras will also go into the question of Royalty to be fixed during the period of the new contract for the power generated at Sivasamudram, and it was considered expedient that to advise Madras on these questions which affect the respective interests of the Madras and Mysore Governments, it was not desirable to depute Mr.Forbes but that an independent adviser may be engaged by Madras for the purpose and both Mr. Forbes and the adviser may go into the question and report to their respective Governments their joint proposals on the subject, having regard to the normal flow and the artificially increased discharges in the river by the construction of the Mysore Reservoir.

Sd/- A.R.Banerji.
14.11.23